GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

STARRED QUESTION NO:380
ANSWERED ON:16.12.2002
INCREASE IN FUEL COST
AVSM, BRIG.(RETD.) KAMAKHYA PRASAD SINGH DEO;VINAY KUMAR SORAKE

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the domestic airfares in India are among the highest in air tariffs;

(b) if so, whether this is due to high cost of fuel;

(c) if so, whether increase in fuel cost is anticipated in the next six months due to rise in price of Aviation Turbine Fuel (ATF) and sales tax on ATF;

(d) if so, whether increase in ATF prices can be recovered through hike in air tariffs;

(e) if so, whether the Government are considering to abolish Inland air travel tax and excise on ATF; and

(f) if so, by when this is likely to be implemented?

Answer

THE MINISTER OF CIVIL AVIATION (SHRI SYED SHAHNAWAZ HUSSAIN)

(a),(b)(c),(d),(e) and (f); A statement is laid on the Table of the Sabha.

STATEMENT IN REPLY TO PARTS (a), (b), (c),(d),(e) and (f) OF LOK SABHA STARRED QUESTION NO.380 FOR ANSWER O 16/12/2002 REGARDING INCREASE IN FUEL COST.
(a) and (b): No, Sir. The Domestic fares of Indian Airlines on comparable sectors are much lower than the fares charged by the airlines of the neighbouring countries. The prices of Aviation Turbine Fuel (ATF), alongwith other operational costs, have a bearing on the fares fixed by all airlines.

(c): ATF is a decontrolled product and oil companies fix the prices of this product on market considerations. Rates of Sales Tax on ATF are fixed by the respective State Governments and vary from state to state. As such, it is not possible to anticipate increases in the prices of ATF or the rates of Sales Tax.

(d): While increasing in air fares, several factors apart from the price of ATF are taken into consideration.

(e) and (f): Government has no proposal to abolish Inland Air Travel Tax (IATT) or excise duty on ATF.